Fraud & Payment Security Series: Part 1

VENDOR VALIDATION & RISK MITIGATION TACTICS

CRAIG JEFFERY
Managing Partner, Strategic Treasurer

JEREMIAH BENNETT
Director of Information Security, Nvoicepay

WHAT.
Use of technology to protect payments from the ever-present threat of fraud.

WHEN.
Thursday, April 1, 2021
2:00 PM – 3:00 PM EDT

WHERE.
Live Online Presentation
Replays at StrategicTreasurer.com

Certified Treasury Professional®

COMDATA

nvoicepay®

STRATEGIC TREASURER

ABOUT THE SPEAKERS

GET TO KNOW TODAY'S SUBJECT MATTER EXPERTS

CRAIG JEFFERY

Craig Jeffery has 30+ years of financial and treasury experience as a practitioner and as a consultant. This has uniquely qualified him to found and lead Strategic Treasurer, a research-based consultancy serving the treasury industry by assisting clients and informing the industry.

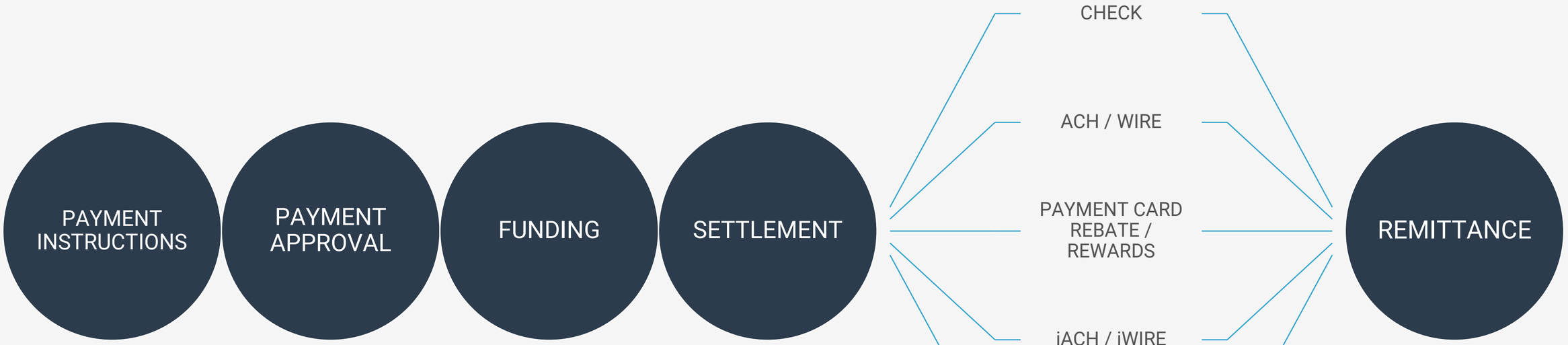
As Managing Partner, Craig oversees Strategic Treasurer's operations in both arenas: advising and assisting clients on major projects and through outsourced services, and informing the industry through educational webinars, informational publications and survey data.

JEREMIAH BENNETT

Jeremiah is the Director of Information Security at Nvoicepay. He has worked on a variety of secure payment solutions including: ACH, check, virtual payment card, and international payments. Additionally, Jeremiah has worked with 3rd-party auditors to obtain compliance attestation reports for PCI, SOC 1, SOC 2, and SOX.

CORPORATE PAYMENTS

SUPPLIER INVOICES
EMPLOYEE REIMBURSEMENTS



- WHO
- HOW MUCH
- WHAT METHOD

- DOLLAR THRESHOLD
- DUAL APPROVERS
- BATCH APPROVAL

- ACH DEBIT
- DAILY GROUPING

- VENDOR DATABASE
- ELECTRONIC PAYMENT ENROLLMENTS

- INVOICE DETAILS
- SUPPLEMENTAL DETAILS
  - INVOICE IMAGE
  - MEDICAL EOB

#GOSTRATEGIC

Strategic Treasurer

COMDATA nvoicepay

TOPICS OF DISCUSSION

TODAY'S KEY AREAS OF FOCUS

Finance professionals know the vital importance of protecting their payments against the ever-present threat of fraud. As technology evolves rapidly, the modern accounts payable department has many options and tactics available to it for mitigating fraud risks.

CURRENT STATE

PAYMENTS ARE A FRAUD TARGET

COMPLEXITY

MORE FOR TREASURY TO DEFEND

TURNING TO TECH

MOVING AWAY FROM MANUAL

VENDOR VALIDATION

MAINTAINING ACCURATE VENDOR DATA

ADDITIONAL TOOLS

TO PROTECT AGAINST FRAUD

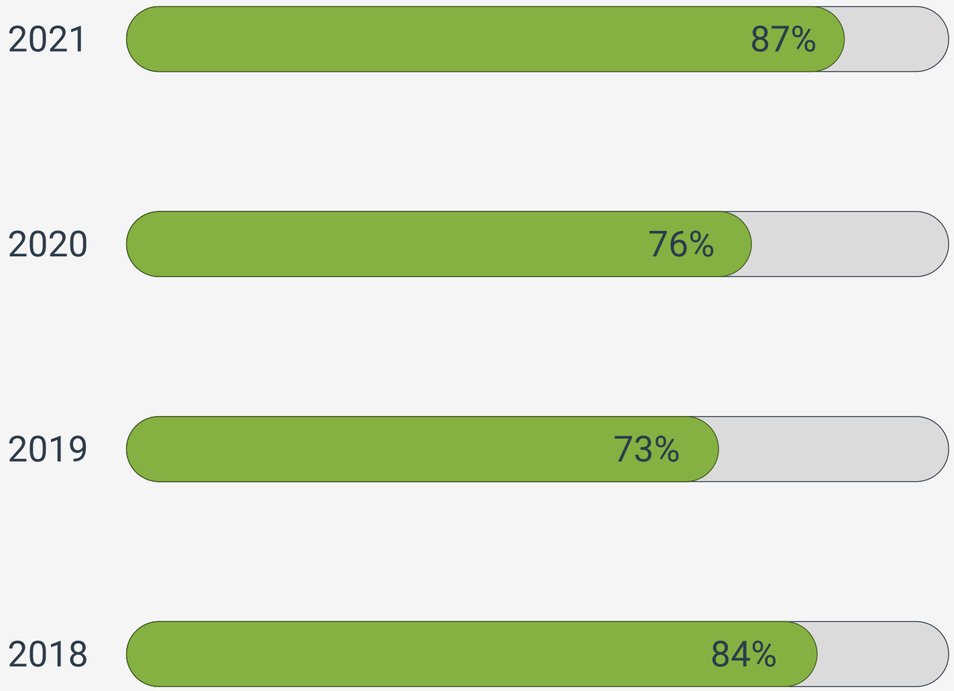
KEY TAKE-AWAYS

#GOSTRATEGIC

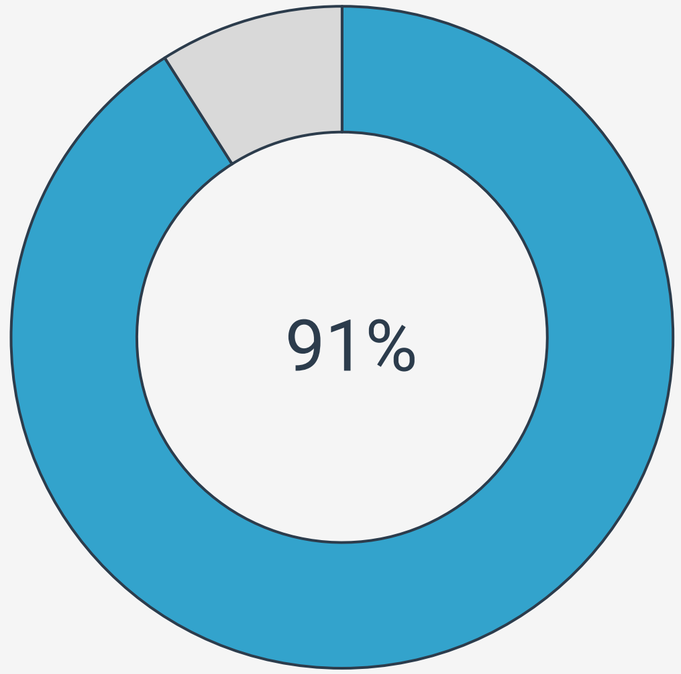
FRAUD THREAT & CONCERN

AT AN ALL-TIME HIGH & NOT RELAXING

Corporate respondents that think the threat-level of fraud has increased or significantly increased in the past year.



Corporate respondents who indicated their payment security concerns now are about the same or higher compared to the prior year.

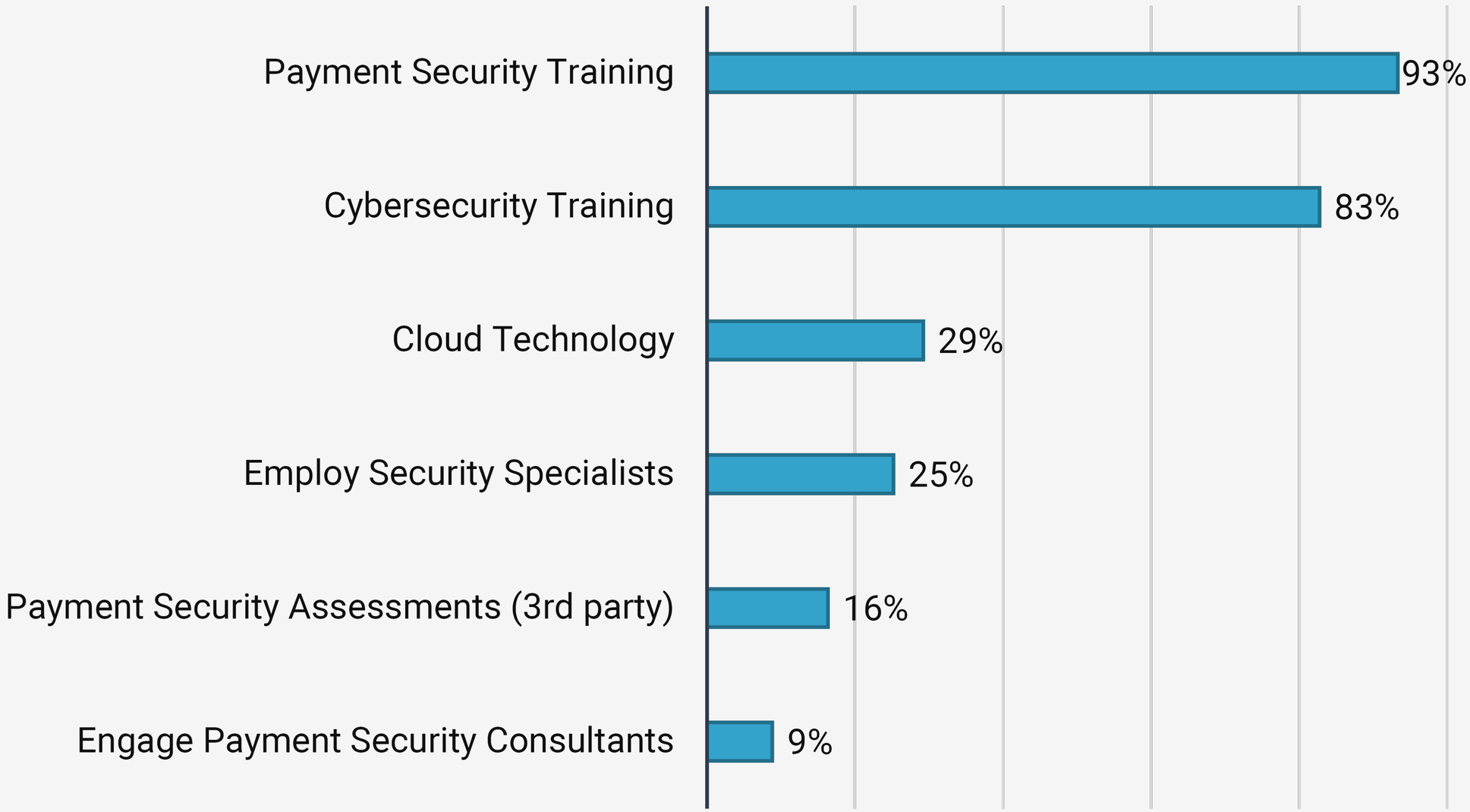


Source: 2021 Treasury Fraud & Controls Survey, 2020 B2B Payments

#GOSTRATEGIC

POLL QUESTION

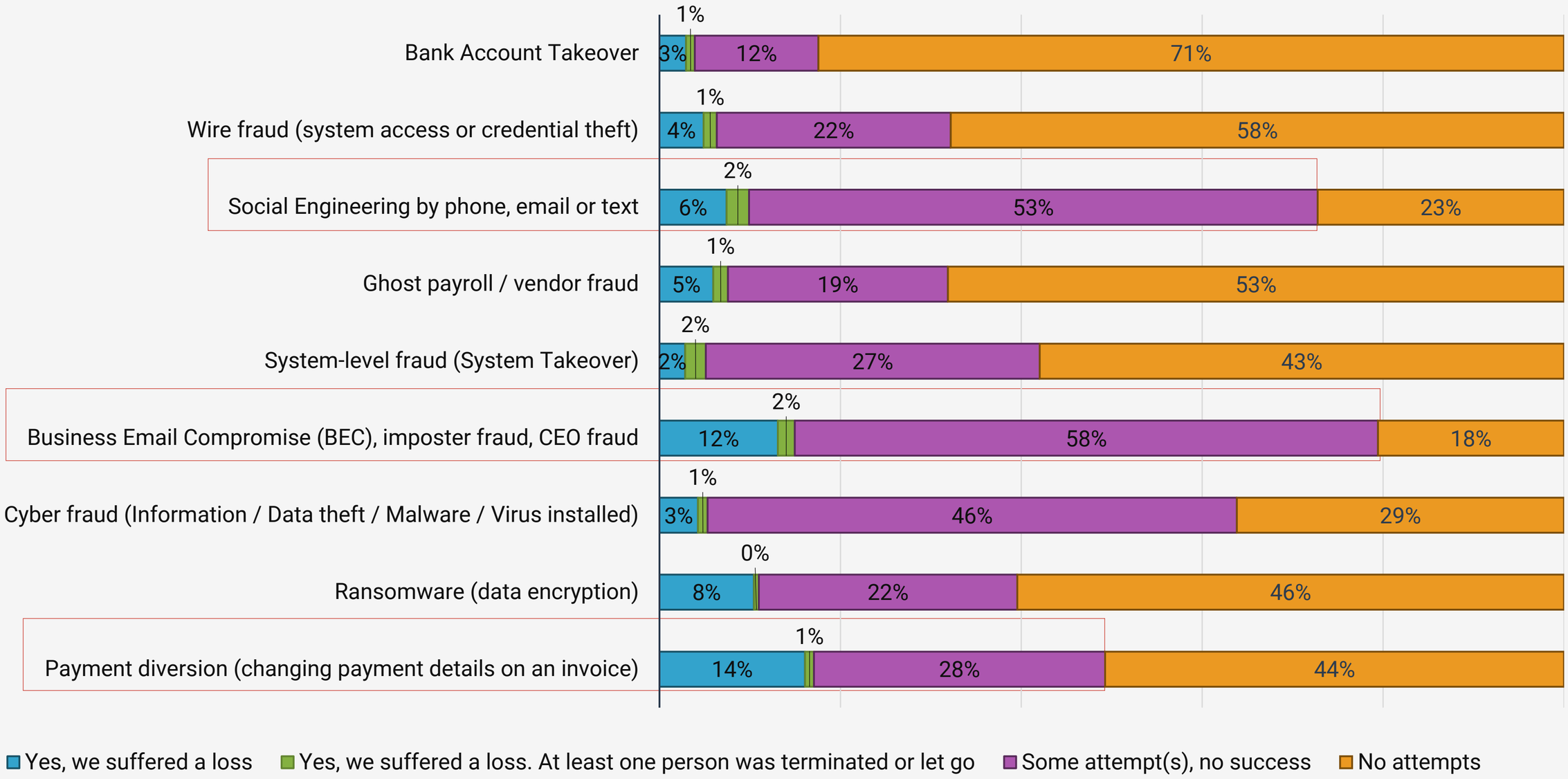
How is your organization addressing fraud?
(Select all that apply)



FRAUD ATTEMPTS

COMING IN FROM ALL DIRECTIONS

» Thinking of the last 12 months, please label your company's experience with each of the following:



Note: “Unsure” responses not displayed. Source: 2021 Treasury Fraud & Controls Survey

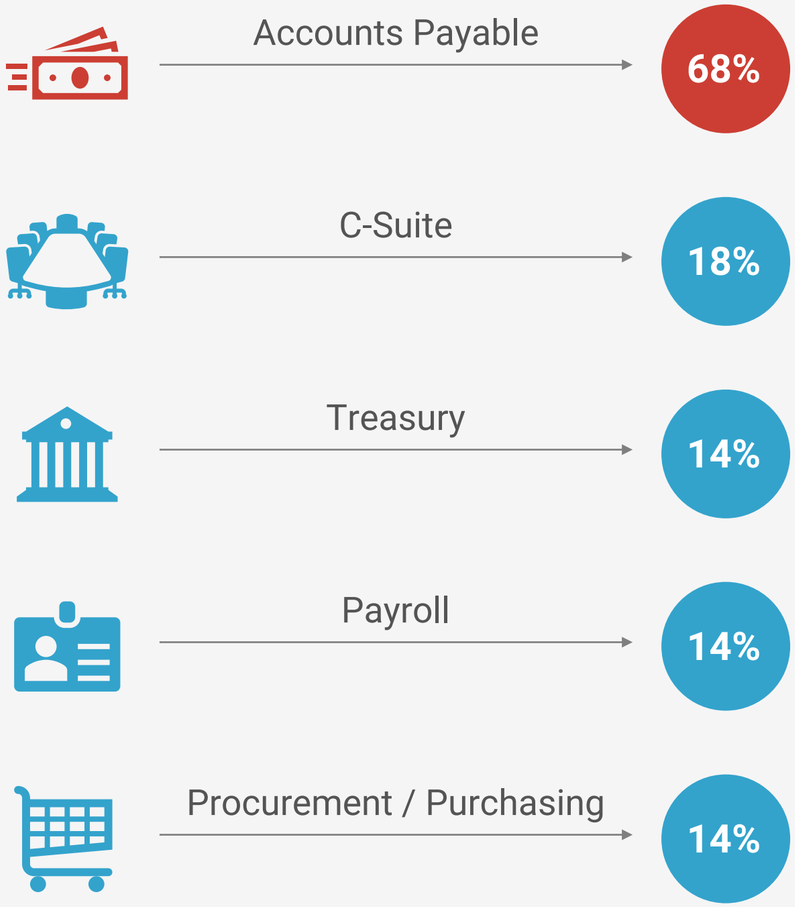
#GOSTRATEGIC

RESPONSIBLE FOR THE FRAUD

ACCOUNTS PAYABLE TOPS THE LIST

By a significant margin, accounts payable is the area most frequently held responsible for losses due to fraud. If you add up the 2nd, 3rd, 4th and 5th places, it still doesn't reach AP alone. With the high level of losses due to fraud and the clear recognition that concerns have escalated, the logical conclusion would be that many organizations have insecure payment processes.

» Which internal department(s) was breached or was ultimately held responsible for the losses?

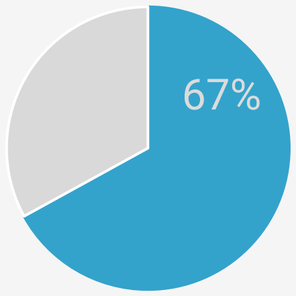


Source: 2020 B2B Payments Survey

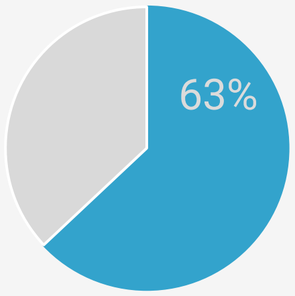
PAYMENT COMPLEXITY

VOLUMES, SYSTEMS & CURRENCIES COMPLICATE THE DEFENSE

Payments

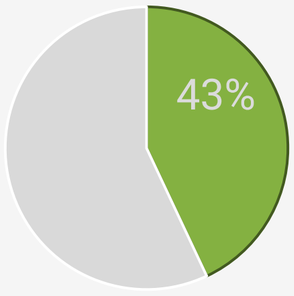


Regularly Make Payments in 3+ Currencies

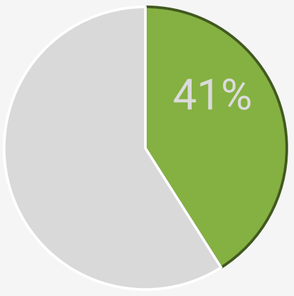


Issue Payments from 2+ Banks

Systems

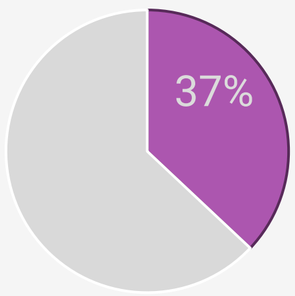


Have More Than 1 System for AR

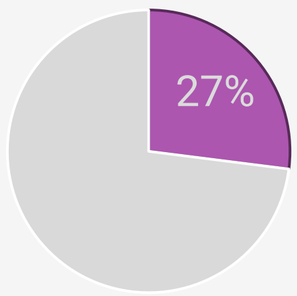


Have More Than 1 ERP or Stand-Alone System to Support AP

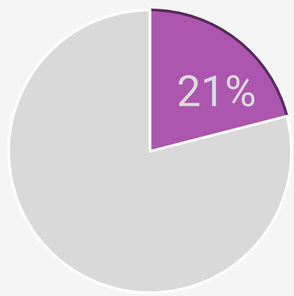
Process 500+ Payments a Month



via ACH



via Check



via Credit/Debit Card

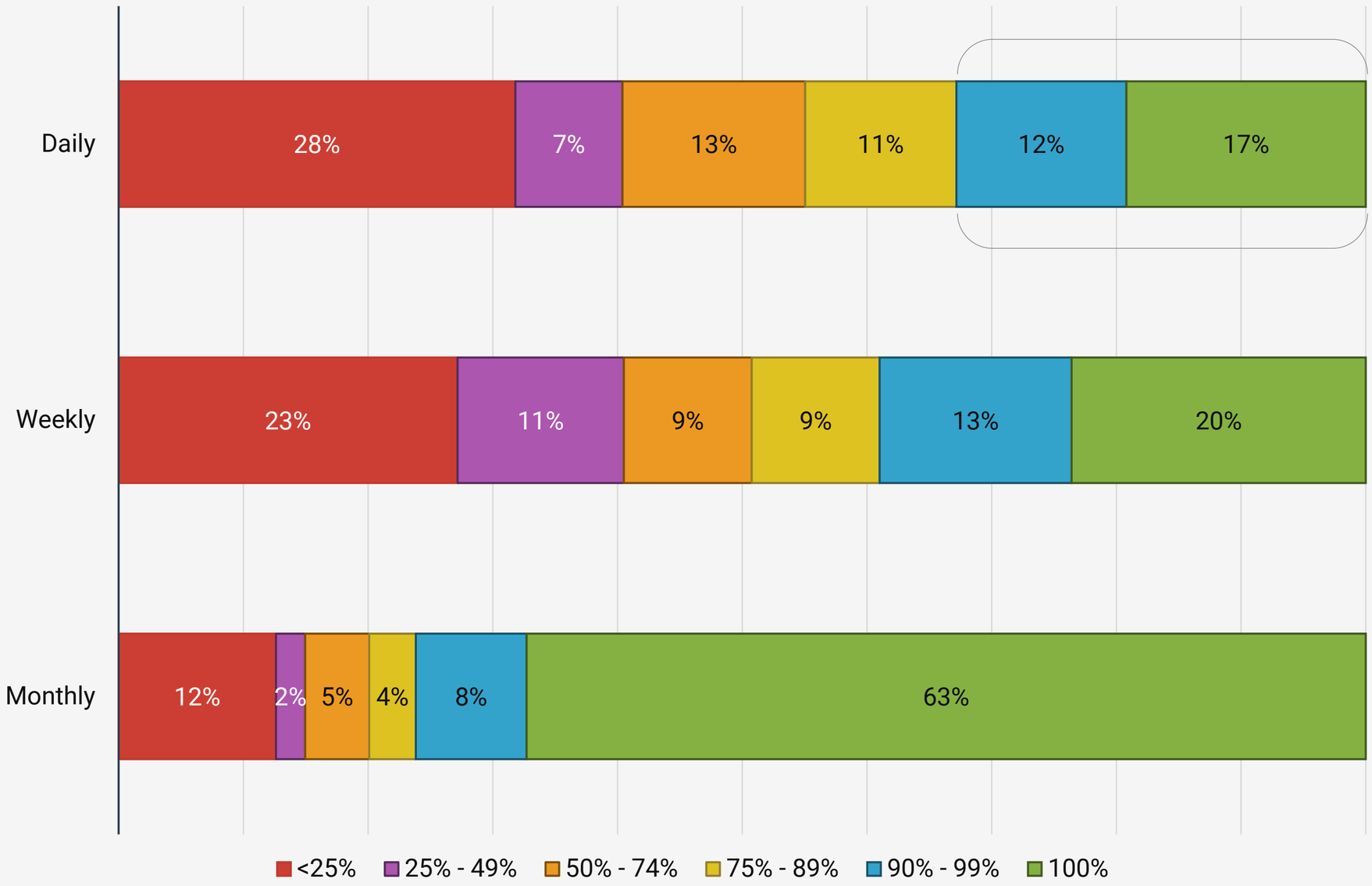
Source: 2020 Modernizing AP/AR Processing Survey, 2019 Global Payments Survey

#GOSTRATEGIC

RECONCILIATION

A FRAUD DEFENSE ON THE DECLINE?

» What percentage of your bank accounts are RECONCILED within the following timeframes?



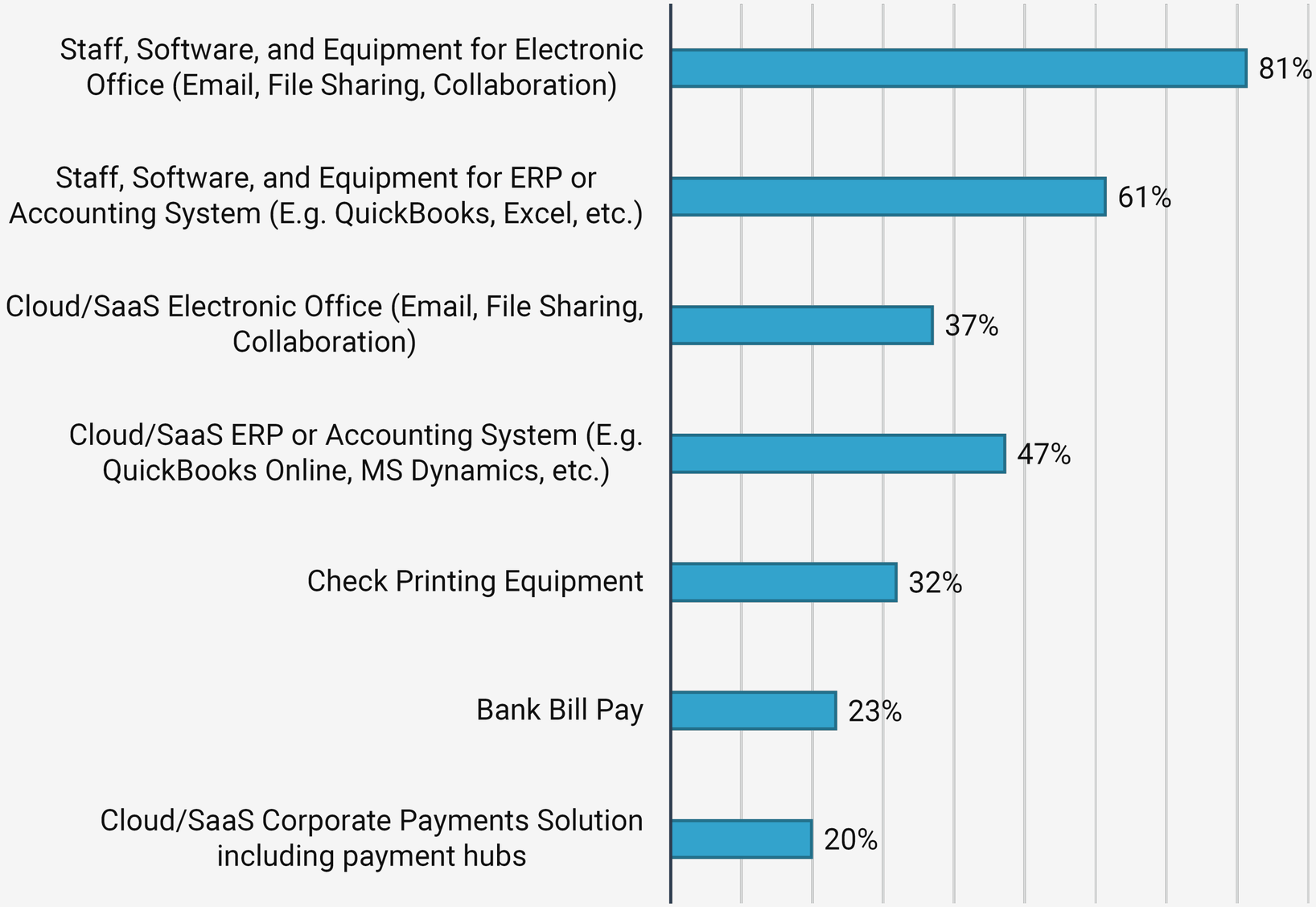
Over the 6 years of the survey, those reconciling 90-100% of their accounts on a daily basis has declined from 45% to 29%.

Note: "Unknown" responses not displayed. Source: 2021 Treasury Fraud & Controls Survey

#GOSTRATEGIC

POLL QUESTION

**Which technology accelerators are used by your organization?
(Select all that apply)**



Strategic Treasurer

COMDATA nvoicepay

HOW TECH CAN HELP

PAYMENT SECURITY

COST & EFFICIENCY

Manual: Inefficient and costly: erroneous invoices get sent, get disputed, must be redone, and payment is received late.

Automation: Reduces those defects and errors dramatically. This reduces costs, plus there are lower transaction costs.

CONTROLS

Manual: Whether for criminal reasons or just because they're in a hurry, staff can bypass manual controls.

Digital: Controls are built into the system and do a better job of imposing the process. The system can force a certain step to be completed before allowing the payment to proceed.

VISIBILITY

Manual: Low visibility and hard to notice fraud in a timely manner.

Digital: With all AP payments centralized through one system, there will be better visibility to payments. Many systems provide detailed return files, so you know when each payment clears.

SECURITY

Manual: Relying heavily on the human element (often the most vulnerable) to protect payments. Data and payment information might be stored insecurely.

Digital: Layers of technology can back up the human element. SOC 1, 2, and 3 compliant AP solutions have strong defenses to protect the data.

#GOSTRATEGIC

Strategic Treasurer

COMDATA nvoicepay

VENDOR VALIDATION

SECURELY ADOPT SERVICE PROVIDERS TO ENABLE YOUR BUSINESS

- Increased Accuracy
- Gain Efficiency
- Enhanced Access Control
- Fulfill Legal / Regulatory Requirements
- Ensure Confidentiality
- Honor Privacy Expectations

ONBOARDING

- Ad Hoc Invoice Submission
- Remittance Methods
- Valid Invoice Sources

AUTHENTICATION

- Valid Invoice Source
- Approved Vendor
- Valid Ad Hoc Source

AUTHORIZATION

- Approval Mechanism
- Approvers
  - Cost Center Owner
  - Purchase Order Owner
  - Dollar Threshold

CHANGE MANAGEMENT

- Identity Verification
- Account Ownership Validation

LEGAL/REGULATORY

- Sanctions List Verification
  - Money Laundering
  - Terrorist Funding
- Privacy
- HIPAA

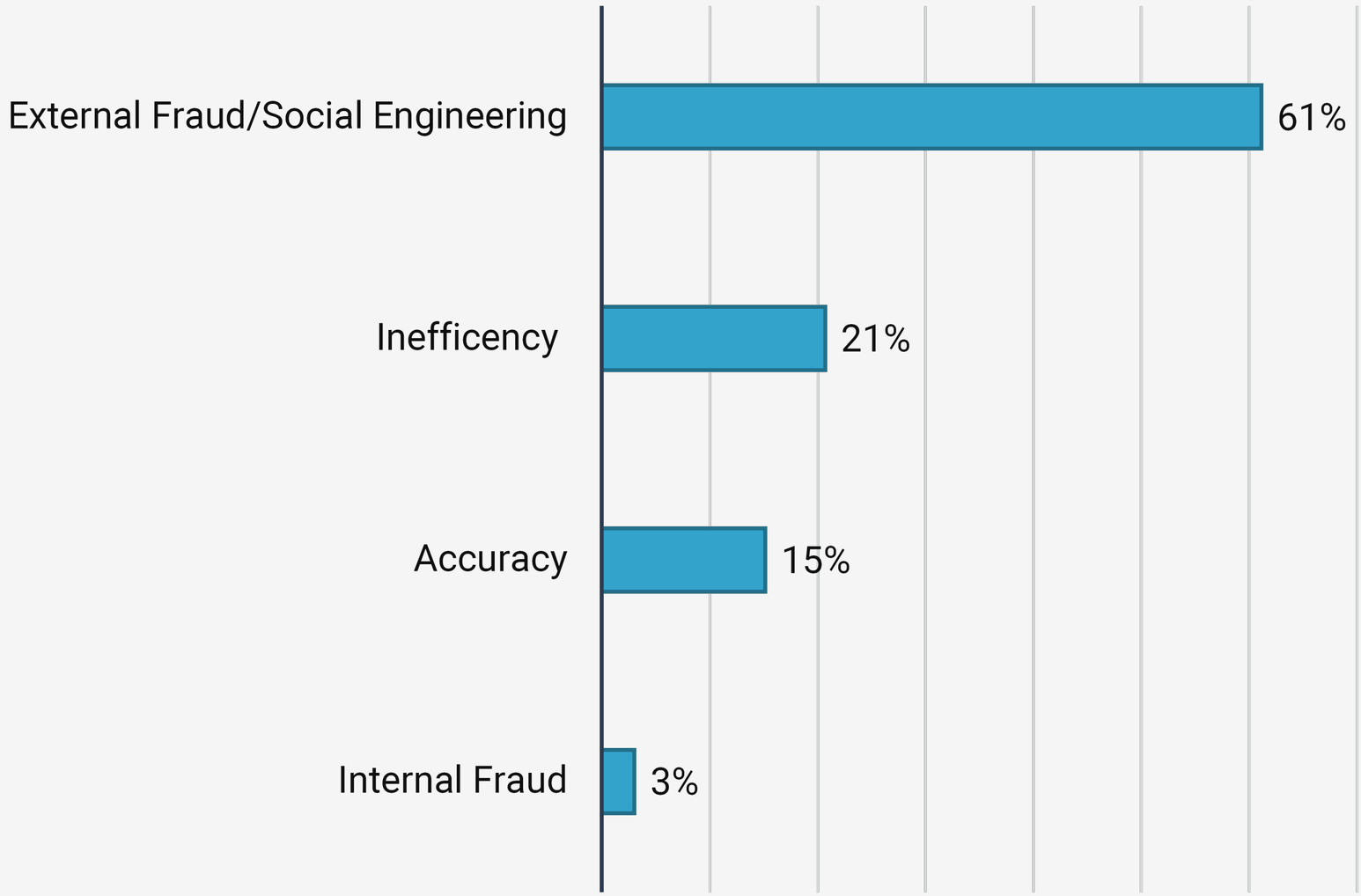
CONFIDENTIALITY

- Safely Store/Transmit/Process:
  - Account Info
  - Remit Contact Info
  - Supplemental Remit Info (Medical EOB)

#GOSTRATEGIC

POLL QUESTION

What is your most significant Accounts Payable risk?
(Select one)



STRATEGIC TREASURER

COMDATA nvoicepay

FRAUD SCENARIOS & MITIGATION

KNOW YOUR RISKS

Regularly Assess Exposure

Minimize the Impact

Eliminate Possibility

Defer

INTERNAL FRAUD

- Controls
  - Logical Access
  - Dual Approvals

CHECK SPOOFING

- Single Use Accounts
- Positive Pay

COMPROMISED CREDIT CARD

- Virtual Card Numbers

EXTERNAL FRAUD

- Identity Verification
- Account Ownership Verification
- Info Sec Technology
- Cybersecurity Training
  - Standard Annual Training
  - New Hire Training
  - Targeted Job Function Training
  - Monthly Simulated Emails

#GOSTRATEGIC

KEY TAKEAWAYS

ASSESS FRAUD EXPOSURE

- Regularly assess sources of fraud.
- Engage third-party experts to help identify blind spots.

ELIMINATE POSSIBILITY OF FRAUD

- Identify processes and technology to eliminate the possibility of fraud.
- Leverage tools such as positive pay for checks and virtual card numbers for payment cards to tolerate compromise.

MINIMIZE THE IMPACT OF FRAUD

- Establish approval controls.
- Regularly reconcile bank statement activity.

DEFER THE RISK

- Leverage a trusted service provider that will assume your fraud risk and provide indemnification when fraud does occur

LET’S CONNECT.

DON’T LET THE LEARNING END HERE…
CONTACT US WITH ANY FUTURE QUESTIONS.

Thank you for your interest in this presentation and for allowing us to support you in your professional development. Strategic Treasurer and our partners believe in the value of continued education and are committed to providing quality resources that keep you well informed.

STRATEGIC TREASURER

Craig A. Jeffery,
Managing Partner

craig@strategictreasurer.com

+1 678.466.2222

linkedin.com/in/strategictreasurer/

NVOICEPAY

Jeremiah Bennett,
Director of Information Security

contact@nvoicepay.com

+1 877.974.1750

linkedin.com/company/nvoicepay/

HOW HAS THE PANDEMIC IMPACTED TREASURY?

Keep a pulse on the disruption caused by COVID-19 with the most up-to-date information available to the industry.

Give 5 minutes and help your company and fellow treasury professionals. To download past reports, please visit: **treasurycoalition.com**

Take the Survey

#GOSTRATEGIC

COMDATA®
CORPORATE PAYMENTS

www.comdata.com
1.800.COMDATA
payments@comdata.com